



Billing Code: 5001-06

## **DEPARTMENT OF DEFENSE**

### **Office of the Secretary**

**[Transmittal No. 16-67]**

### **Arms Sales Notification**

**AGENCY:** Defense Security Cooperation Agency, Department of Defense.

**ACTION:** Notice.

**SUMMARY:** The Department of Defense is publishing the unclassified text of an arms sales notification.

**FOR FURTHER INFORMATION CONTACT:** Kathy Valadez, (703) 697-9217 or Pamela Young, (703) 697-9107; DSCA/DSA-RAN.

**SUPPLEMENTARY INFORMATION:** This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 16-67 with attached Policy Justification and Sensitivity of Technology.

Dated: July 13, 2017.

**Aaron Siegel,**

*Alternate OSD Federal Register Liaison Officer,*

*Department of Defense.*



DEFENSE SECURITY COOPERATION AGENCY  
201 12TH STREET SOUTH, STE 203  
AHLINGTON, VA 22202-6408

JUN 29 2017

The Honorable Paul D. Ryan  
Speaker of the House  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 16-67, concerning the Department of the Navy's proposed Letter(s) of Acceptance to the Taipei Economic and Cultural Representative Office in the United States for defense articles and services estimated to cost \$125 million. After this letter is delivered to our office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

J.W. Rixey  
Vice Admiral, USN  
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology



Transmittal No. 16-67

Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Taipei Economic and Cultural Representative Office (TECRO) in the United States

(ii) Total Estimated Value:

Major Defense Equipment*	\$100 million
Other	\$25 million

TOTAL	<u>\$125 million</u>
-------	----------------------

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE):

Sixteen (16) Standard Missile-2 (SM-2) Block IIIA All-Up Rounds (AUR)  
Forty-seven (47) MK 93 MOD 1 SM-2 Block IIIA Guidance Sections (GSs)  
Five (5) MK 45 MOD 14 SM-2 Block IIIA Target Detecting Device (TDDs) Shrouds

Non-MDE includes:

Seventeen (17) MK 11 MOD6 SM-2 Block IIIA Autopilot Battery Units (APBUs) maneuverability upgrades on the GSs, sixty-nine (69) section containers and sixteen (16) AUR containers, operator manuals and technical documentation, U.S. Government and contractor engineering, technical and logistics support services.

(iv) Military Department: Navy (LHT)

(v) Prior Related Cases, if any: FMS Cases TW-P-LGQ

(vi) Sales Commission, Fee., etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See attached annex

(viii) Date Report Delivered to Congress: 29 JUN 2017

\*as defined in Section 47(6) of the Arms Export Control Act.

## POLICY JUSTIFICATION

### Taipei Economic and Cultural Representative Office (TECRO) in the United States—SM-2 Block IIIA Standard Missiles and Components

TECRO has requested a possible sale of sixteen (16) Standard Missile-2 (SM-2) Block IIIA All-Up Rounds (AUR), forty-seven (47) MK 93 MOD 1 SM-2 Block IIIA Guidance Sections (GSs), and five (5) MK 45 MOD 14 SM-2 Block IIIA Target Detecting Devices (TDDs) Shrouds. This request also includes Seventeen (17) MK 11 MOD6 SM-2 Block IIIA Autopilot Battery Units (APBUs) maneuverability upgrades on the GSs, sixty-nine (69) section containers and sixteen (16) AUR containers, operator manuals and technical documentation, U.S. Government and contractor engineering, technical and logistics support services. The total estimated program cost is \$125 million.

This proposed sale is consistent with United States law and policy, as expressed in Public Law 96-8.

This proposed sale serves U.S. national, economic and security interests by supporting the recipient's continuing efforts to modernize its armed forces and enhance its defensive capabilities. The proposed sale will help improve the security of the recipient and assist in maintaining political stability, military balance and economic progress in the region.

The proposed sale will improve the recipient's capability in current and future defensive efforts. The recipient will use the enhanced capability as a deterrent to regional threats and to strengthen homeland defense. The SM-2 Block IIIA missiles and components proposed in this purchase will be used to supplement existing inventories of SM-2 Block IIAs to be used for self-defense against air and cruise missile threats onboard their destroyer-class surface ships. The recipient will have no difficulty absorbing this equipment into its armed forces.

The proposed sale of this equipment and support will not alter the military balance in the region.

The prime contractor will be Raytheon Missiles Systems Company of Tucson, Arizona. There are no known offset agreements proposed in connection with this potential sale.

It is estimated that during implementation of this proposed sale, a number of U.S. Government and contractor representatives will be assigned to the recipient or travel there intermittently during the program.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act

Annex  
Item No. vii

(vii) Sensitivity of Technology:

1. A completely assembled STANDARD Missile-2 (SM-2) Block IIIA with or without a conventional warhead, whether a tactical or inert (training) configuration, is classified CONFIDENTIAL. Missile component hardware includes: Guidance Section (classified CONFIDENTIAL), Target Detection Device (classified CONFIDENTIAL), Warhead (UNCLASSIFIED), Rocket Motor (UNCLASSIFIED), Steering Control Section (UNCLASSIFIED), Safe and Arming Device (UNCLASSIFIED), and Autopilot Battery Unit (classified CONFIDENTIAL).
2. SM-2 operator and maintenance documentation is considered CONFIDENTIAL. Shipboard operation/firing guidance is considered CONFIDENTIAL. Pre-firing missile assembly/pedigree information is UNCLASSIFIED.
3. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.
4. A determination has been made that recipient can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.
5. All defense articles and services listed in this transmittal have been authorized for release and export to the Taipei Economic and Cultural Representative Office (TECRO) in the United States.

[FR Doc. 2017-15092 Filed: 7/18/2017 8:45 am; Publication Date: 7/19/2017]